

# HPC DATAPPOINTS

## The Primary Care Spending Gap: Paying Less for What Matters Most

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### BACKGROUND

High-quality, accessible primary care is foundational to an effective and efficient health care system. In Massachusetts, however, this foundation is fracturing as primary care represents a declining share of health care spending. In January 2025, the HPC released [new research on primary care](#) that found that Massachusetts has high and growing rates of residents reporting difficulty accessing care, an aging primary care physician workforce, and among the smallest shares of new physicians entering primary care across states.

One of the root causes of these access, affordability, and workforce challenges is a **payment structure that does not reflect the value of primary care**. Payment rates likely overvalue specialty procedures and undervalue the cognitive services at the core of primary care, including comprehensive patient histories, clinical assessment, care coordination, and chronic condition management. For example, Medicare, which serves as the model for commercial insurers, reimburses physicians [three to five times more](#) for common procedures than for cognitive services, and as a result, **these procedures can generate more revenue in a few hours than a primary care physician receives for a whole day of patient care**.<sup>1</sup> In this issue of the DataPoints series, the HPC examines the relative commercial prices for primary care services as compared to common specialty services to better understand and quantify these payment disparities.

This is a printable version of DataPoints. The online version features interactive graphics that show additional information, and is available on the HPC's website at [masshpc.gov/publications/datapoints](https://masshpc.gov/publications/datapoints)

### ANALYTIC APPROACH

To illustrate the relative value of different health care services as reflected in negotiated prices, the HPC constructed a price index of common specialty procedures and compared the average price for this index to the average price for a 20-minute evaluation & management (E&M) visit (CPT 99213). A 20-minute E&M visit reflects 30 total minutes of work time, including the visit itself, 5 minutes of pre-service work, and 5 minutes of post-service work, according to work time estimates from the Centers for Medicare and Medicaid Services.

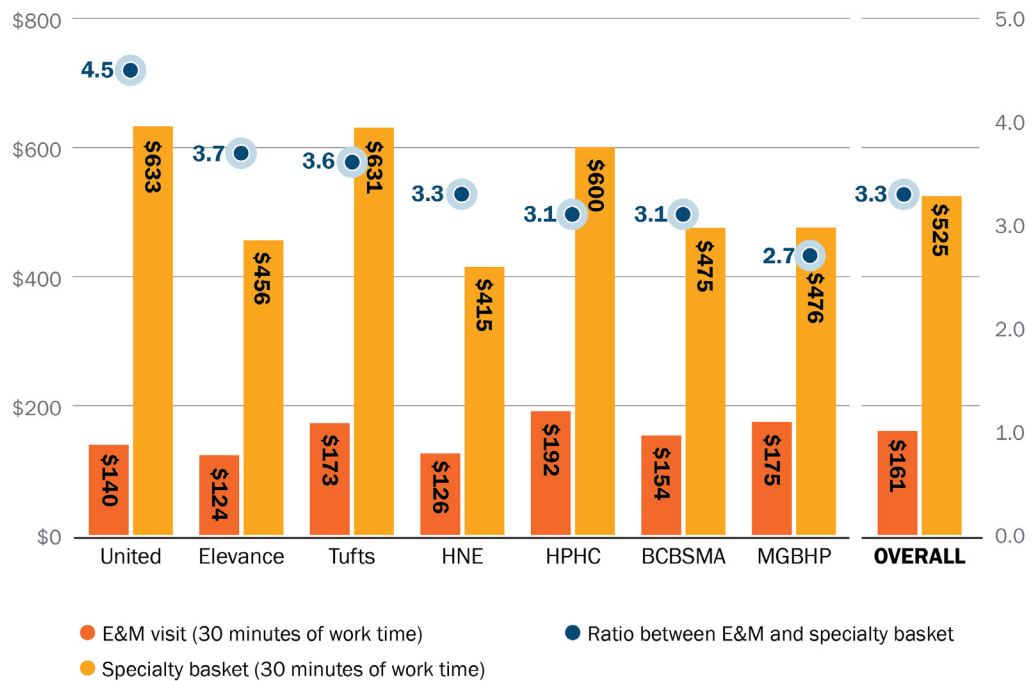
Within a subset of services performed in ambulatory settings (offices, hospital outpatient departments, ambulatory surgical centers, and freestanding laboratories), the HPC identified the top 15 physician specialty types (by volume) using either the taxonomy code submitted on the claim or, when necessary, provider taxonomy information submitted by payers.<sup>2</sup>

1 The Centers for Medicare and Medicaid Services (CMS) and many private insurers use relative value units (RVUs) in their [Resource-Based Relative Value Scale \(RBRVS\) payment methodologies](#) to determine the value of a service or procedure based on the extent of physician work, clinical and nonclinical resources, and expertise required to provide such services. This methodology assigns a lower value to common, primary care services and procedures, reimbursing primary care providers at a lower rate than specialty providers.

2 These specialty types are as follows: allergy/immunology, anesthesiology, dermatology, emergency medicine, hospitalist, internal medicine, obstetrics & gynecology, ophthalmology, otolaryngology, pathology, physical medicine/rehab, psychiatry and neurology, radiology, surgery, and urology.

For each physician specialty the HPC included the ten most common procedures that can be safely performed in either an office or hospital outpatient department (commonly referred to as “crossover services”)<sup>3</sup>, and excluded procedures with fewer than 300 claims across specialty types. This restriction to crossover services is intended to exclude specialty services that require intensive equipment and technology. For example, common lower-acuity procedures such as destruction of benign skin lesions, diagnostic laryngoscopies, and nasal endoscopies were included, but higher-intensity services such as joint replacements, colonoscopies, and inpatient procedures were not. After exclusions and de-duplication, 77 distinct procedures were included. The HPC identified the median intra-service, immediate pre-service, and immediate post-service work times for each service using CMS work time estimates from the 2025 Physician Fee Schedule Final Rule, and adjusted the average price for each service of interest to a 30-minute equivalent.

**Price ratio for 30 minutes of work time for select specialty services to prices for primary care visits, 2023**



The average commercial payment for a composite of specialty services is **3.3 times as high** as the average payment for an E&M visit representing the **same amount of work time** (30 minutes).

As shown above, **the average commercial payment for a composite of specialty services is 3.3 times as high as the average payment for an E&M visit representing the same amount of work time (30 minutes)**. This means that, on average, the specialty procedures can generate more revenue in three hours than a primary care physician receives for a whole day of patient care. The ratio varies by payer from 2.7 (Mass General Brigham Health Plan) to 4.5 (United Health).<sup>4</sup>

While the average prices for the services shown have increased between 2019 and 2023, the ratio between the specialty basket and E&M visit has remained relatively constant over time.

<sup>3</sup> These services were identified using the ambulatory payment classification system groupings in the [June 2022 MedPAC report](#) “Chapter 6: Aligning fee-for-service payment rates across ambulatory settings”.

<sup>4</sup> Notes: E&M = evaluation & management visit. “E&M visit” reflects average allowed amount for a 20-minute E&M visit with an established patient (CPT 99213) (30 minutes of work). “Specialty basket” reflects average of average prices paid for select specialty procedures performed in an ambulatory setting (30 minutes of work). Source: HPC analysis of the Massachusetts All-Payer Claims Database, 2023

The **Massachusetts Health Policy Commission (HPC)**

is an independent state agency working to improve the affordability of health care for all residents of the Commonwealth. Through data-driven analysis, actionable policy insights, public accountability, and innovative investments, the HPC seeks to improve health care delivery, lower costs, and reduce health disparities.

**HPC DataPoints** is a series of online briefs that spotlight new research and data findings relevant to the HPC's mission to drive down the cost of health care. It showcases brief overviews and interactive graphics on relevant health policy topics. The analysis underlying these briefs is conducted by HPC staff. To view all HPC DataPoints, visit our [website](#).

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## CONCLUSION

The considerable difference in payment rates for primary care compared to common specialty procedures has implications for the stability of the primary care workforce and delivery system in Massachusetts and nationally. Lower payments undermine the value of preventive and longitudinal care and can disincentivize system investments in this area of care that delivers [better health outcomes, reduces hospitalizations, and lowers costs](#). In future work, the HPC plans to compare payment rates for cognitive behavioral health services to common specialty procedures, as part of an examination of factors that impede access to behavioral health services.

[Chapter 343 of the Acts of 2024](#) established a new [Primary Care Access, Delivery and Payment Task Force](#) to address the many challenges facing primary care in the Commonwealth, including the imbalance in payment incentives. The task force is charged with developing a series of recommendations to strengthen the primary care system across Massachusetts, including establishing a **primary care spending target** for public and private payers that would increase funding for primary care. Such a spending target would provide an additional incentive for all payers and providers to better align prices with value.